

Trusted Trader Program

Cargo and Conveyance Security

Background: In coordination with members of the trade community, and Partner Government Agencies (PGAs); the Food and Drug Administration (FDA), Consumer Product Safety Commission (CPSC), and Transportation Security Administration (TSA) we have formulated the design for a holistic, integrated trusted trader program. The Trusted Trader program will involve a unification of the current Customs-Trade Partnership Against Terrorism (C-TPAT) and Importer Self Assessment (ISA) processes to integrate supply chain security and trade compliance. The program will align with Authorized Economic Operator programs implemented by other countries around the world. This approach will enable CBP and PGAs to provide additional incentives to participating low-risk partners, while benefiting from the added efficiencies of managing supply chain and trade compliance within one partnership program.

Interagency Partnerships: PGAs that opt to leverage the trusted trader program for their own risk management strategies will allow for additional PGA criteria to streamline processes, provide enhanced incentives for trusted traders and achieve a “whole of government approach”.

- Establishing mutual recognition protocols with PGAs for program participants.
- Allowing PGA’s to build their trusted trader criteria onto the foundation of the Trusted Trader Program, while acknowledging specific PGA missions and regulatory authority.
- Partnering with PGAs to identify and address specific trade compliance, trade enforcement, and/or import safety gaps.
- Enhanced information sharing and efficient usage of government-wide resources.
- FDA and CPSC will be participating in the Phase I program implementation by acknowledging compliant partners in return for agency specific benefits.

Unified CBP Management and Program Integration:

- Employing a team approach includes coordinating validations, revalidations and annual notifications.
- Significant research and analysis upfront to avoid delays in obtaining supporting documents and details.
- Leveraging the Centers of Excellence and Expertise (CEEs) to manage trusted trader accounts and segment risk.
- Recognition of the specific, individualized risk assessments and internal controls established by some companies.
- Address specific areas of risk such as IPR, health & safety and revenue within the partnership framework.
- Incorporate verifiable metrics to clearly demonstrate the benefits of being a member in the Trusted Trader Program and to measure the program’s effectiveness.

Program Participation Savings and Efficiencies:

- Unified application completion, submission and management (For example, security application is on-line (C-TPAT portal) and Trade application is manually submitted and maintained).
- Coordinated security and trade validations, revalidations and annual notifications will be aligned (currently these activities are managed and satisfied on tangent timelines and processing requirements). An application mapping revealed approximately 80% of the

same questions and responses were on both the trade compliance and security application.

- Efforts are currently underway to identify the distinction between service provided by CEEs to Trusted Traders and other CEE participants (level of service to partners).

Incentive Based Cost Savings:

- Reduced FDA targeting/examination risk score
- Participants may request penalty offset
- Reduced NII inspections
- Allow for movement of goods in lieu of standard re-delivery demands (for non-PGA admissibility related cargo) on multi-container shipments
- Allowance for submission of blanket statements in lieu of transaction by transaction required documentation (Chemical Abstract Statement/CAS)
- Expanded Reconciliation functionality (includes a "blanket" option)
- Front of line processing for Post Entry Amendments
- Including current C-TPAT, ISA and ISA-PS benefits

Current Status: The Trusted Trader Pilot will begin upon notification to the selected participant volunteers.

- The FRN was publically posted June 16, 2014.
- Compliance with the Paperwork Reduction Act will permit the selection of 9 participant volunteers in Phase I of the program.
- Planning is underway to define program expansion in Phase II to be announced by FRN on a follow on date.
- Selected applicants will be notified the week of October 6, 2014.
- Where applicable the selected applicants will include FDA and/or CPSC validation and vetting.
- The test will run for 18 mos. to ensure ample time is given to test the vetting, revalidation and annual notification requirements.
- The Trusted Trader test will be limited to nine volunteers until such time the requirements of the Paperwork Reduction Act are met.
- Current ISA participants will not be automatically transitioned during the Trusted Trader program test.